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SUBJECT: MODERNIZING CROATIA'S CIVIL SERVICE AND PUBLIC
ADMINISTRATION: A WORK IN-PROGRESS

11. (U) SUMMARY: As Croatia approaches membership in the EU, considerable money and legislative effort are being expended on increasing the professionalization of Croatia's civil service and reforming its functioning to allow for more transparency, accountability, and efficiency. The implementation of the final aspects of the Civil Servant Act has, in theory, increased the authority of career civil servants at the expense of political appointees, but it has not been fully embraced across all government ministries. While this law has spurred some needed re-organization of government functions, it has also needlessly obscured leadership roles in some government ministries. The law re-vamping public administration procedures is still in review in parliament, and if the current draft survives and it is fully implemented it will be a powerful initiative to simplify government red tape and improve the business environment. END SUMMARY

Professionalization of the Civil Service Uneven

12. (U) A new Civil Service Law was passed in 2005, but the final provisions were not to be implemented until 60 days after the general election in 2007. These final provisions required that formerly politically appointed leadership positions -- typically positions below that of State Secretary, such as Assistant Ministers or Deputy State Secretaries of central government bureaus -- must become career civil service jobs, filled via open competitions, but retain their former decision making power. (Note: The title of Assistant Minister was abolished and these positions have been renamed Department or Office Directors) Full implementation of the civil service act remains incomplete, as government ministries are obliged to publicly post vacancies for these newly minted civil service jobs, rather than grandfather in the current political appointees holding these positions.

13. (U) The Foreign Ministry, for example, has only partially removed politically appointed officials below the rank State-Secretary. Other ministries have simply elevated the rank of political appointees to that of State Secretary, obscuring leadership roles. The Finance Ministry, previously with only one State Secretary and clear chain of command, now has five State Secretaries from four different political parties. Overall, Sanader's second term has seen the mushrooming of State Secretary level positions, growing from around 36 in his previous term to 76 currently. (Note: State Secretaries report directly to the Minister of the relevant government institution.) The ministries of Justice, Economy, and Agriculture have also only partially implemented the law. The real laggard, however, is the public administration bureau itself, which has yet to even begin implementation and where career civil servants still have almost no decision making authority. Meanwhile, the good news is that the act has spurred some ministries, such as the MFA, to at least reorganize some functions and stream-line within the mid-levels of their bureaucracy.

Reforming Public Administrative Procedures Just Getting Off
the Ground

¶4. (U) While personnel reforms move slowly, and despite headwinds from an entrenched bureaucracy, a draft law on reforming Croatia's public administrative procedures has passed its first reading in parliament, and is likely to be adopted in first half of 2009. This law modernizes many aspects of public administrative procedure with e-administration initiative, as well as simplifying the myriad of "special procedures" that govern such activities as telecommunication, real estate zoning, health, education, and some business permitting. Crucial to the success of this draft law will be provisions that allow parliament to transfer decision making authority and competency over a variety of regulatory decisions to the public administrative bureau to improve efficiency. Currently special procedures that cover a myriad of sectors have to be legislatively amended in parliament to accommodate new business realities or changes in technology.

Comment

¶5. (U) The harmonization of public administration staffing and procedures with European norms is a giant leap forward from many of the current governing provisions that were adopted in 1950s and designed to give appointed Communist Party elites nearly complete decision making authority, with little regard to public disclosure or efficiency. The implementation of the staffing law, even if progressing

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unevenly, allows for greater decision making by career civil servants that should facilitate greater transparency and accountability in government function. Likewise, pending changes to public administrative procedures could further improve the transparency and efficiency of Croatia's regulatory environment, much to the benefit of the business climate. However, it will take a paradigm change by a new generation of civil servants to fully embrace the authorities being granted them and to break with the old culture of deferring decisions to the highest levels of government. But the EU has provided a great deal of funding and technical support for these reform efforts since 2003 and their efforts are beginning to bear fruit. END COMMENT

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